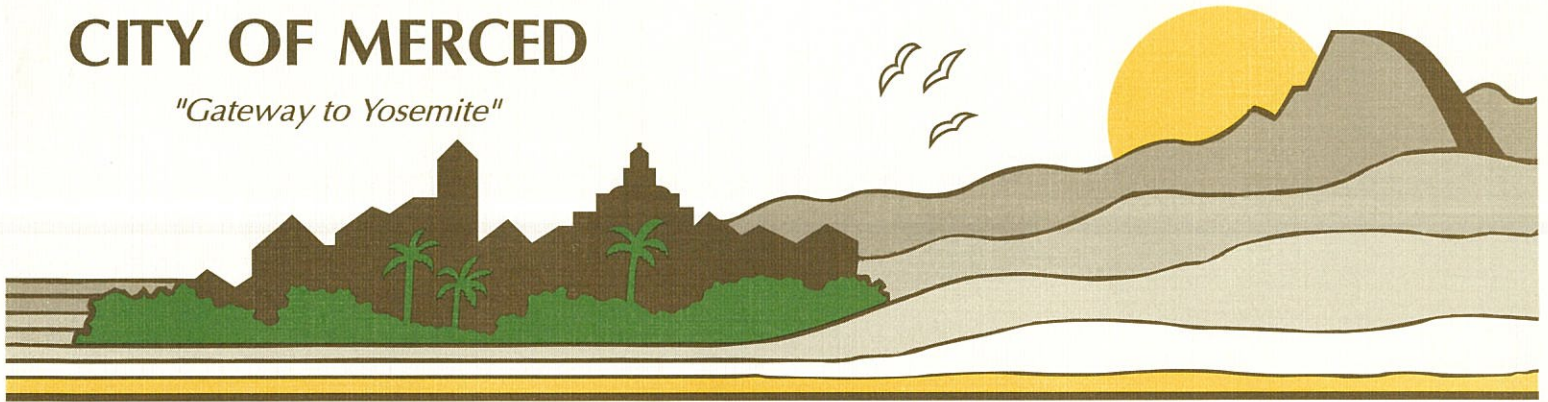


CITY OF MERCED

"Gateway to Yosemite"



September 5, 2007

California Department of Housing and Community Development
P.O. Box 952050
Sacramento, CA 94252-2050

HOUSING POLICY
DEVELOPMENT, HCD
SEP 10 2007

Dear Sirs/Madams,

RE: Annual General Plan Report--2005-2006

In compliance with Section 65400 of the California Government Code, the City of Merced's General Plan Implementation Annual Report is enclosed with this letter. A separate copy of this report is being transmitted to the State Department of Housing and Community Development. The Annual Report was presented to the City of Merced Planning Commission at their August 22, 2007 meeting and the Merced City Council at their September 4, 2007 meeting.

Please note that the report follows the same format that the City of Merced has used for many years. From the HCD website, it appears that the "Proposed Rules for Housing Element Annual Progress Reports," described in the memo issued on February 2, 2007 by Cathy Creswell, have not yet been adopted. Therefore, the City elected to use the old format. Please let us know when/if the new rules become effective and we will begin using the new format in future years.

If you have any questions, please feel free to give me a call at (209) 385-6858.

Sincerely,

A handwritten signature in blue ink, appearing to read "Kim Espinosa". The signature is fluid and cursive.

Kim Espinosa
Planning Manager

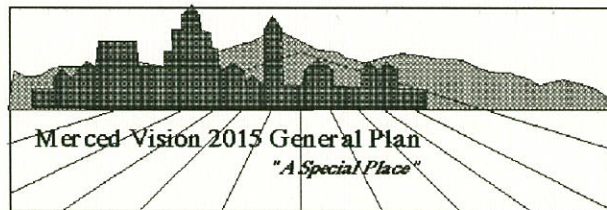
cc: Jack Lesch, Director of Development Services
Governor's Office of Planning and Research

CITY OF MERCED

"Gateway to Yosemite"



CITY OF MERCED GENERAL PLAN ANNUAL REPORT (July 1, 2006 to June 30, 2007)



INTRODUCTION

Government Code Section 65400(b) requires that the planning agency of local governments shall provide an annual report to the legislative body on the status of the General Plan and progress in its implementation, including progress in meeting the community's share of regional housing needs pursuant to Section 65584. Additionally, the annual report should include information concerning local efforts to remove governmental constraints to the maintenance, improvement, and development of housing pursuant to Section 65583(c)(3). The report must be provided to the California Office of Planning Research and the Department of Housing and Community Development at the end of the fiscal year.

This annual report has been prepared to summarize the status of the *Merced Vision 2015 General Plan* and steps that have been taken to implement General Plan policies and implementing actions (Section I). This report also includes a summary of General Plan and Specific Plan Amendments that were approved from July 1, 2006 to June 30, 2007 as well as a discussion about the City's General Plan Update, which began in June 2005. Information on regional housing needs and governmental constraints are summarized in Sections II and III (pages 13 and 17).

This report was presented to the Merced City Planning Commission at its regularly scheduled meeting of August 22, 2007 and to the Merced City Council at its regularly scheduled meeting of September 4, 2007.

I. STATUS OF GENERAL PLAN AND IMPLEMENTATION PROGRESS

A) General Plan Update

Progress To Date

The General Plan Update will include an expanded Specific Urban Development Plan (SUDP)/modified Sphere of Influence, a new land use diagram, a public participation program, updates to all the General Plan chapters (except Housing), an environmental impact report (EIR), and other tasks. The General Plan Update is expected to be completed by Spring/Summer 2008.

In May 2005, the City began its General Plan Update process. In September 2005, the Planning Commission and City Council approved an expanded General Plan Update Study Area, which encompassed approximately 40,000 acres or almost double the size of the City's current SUDP (20,540 acres). In July 2006, after reviewing various options for a Draft SUDP boundary and several public meetings, the City Council adopted a Draft SUDP of approximately 43,591 acres (see map on page 3).

In August 2006, a new firm, Quad-Knopf of Roseville, was hired to complete the General Plan Update and EIR after the original consultant contract was terminated. Since that time several public meetings have taken place (see below), an analysis of the 16 Sub-areas of the Draft SUDP has been performed, work has begun on the Draft EIR, etc. In August 2007, a Draft Land Use Diagram was reviewed by the CAC and TAC and released to the public. The Draft Land Use Diagram includes a draft Sphere of Influence (SOI)/SUDP boundary, a proposed Area of Interest (AOI) boundary, and draft land use designations for those areas within the Draft SOI/SUDP.

Public Meetings To Date

Many public meetings have taken place throughout the General Plan Update process in 2006 and 2007, and public meetings will continue to take place throughout the process. Joint Planning Commission/City Council Study Sessions were held in July 2005, September 2005, May 2006, and May 2007. The Planning Commission, acting as the General Plan Update Citizens Advisory Committee (CAC), has met twice in February 2007 and August 2007. The City's General Plan Technical Advisory Committee (TAC), including representatives from the four school districts, UC Merced, MID, Merced County Planning and Public Works, MCAG, and various City Departments, has met three times—March 2007, May 2007, and July 2007. Stakeholder/property owner meetings were held in April 2006 and March 2007 and a community forum was held in April 2007.

Public forums and stakeholder meetings will be scheduled in Fall 2007 to discuss the Draft Land Use Diagram and future meetings will be scheduled once a draft General Plan document and EIR are available. A draft General Plan document is expected to be available for review by January 2008 after a comprehensive review of current and proposed General Plan policies. During the following months, the Draft EIR should be released for public review and finally public hearings to consider adoption of the General Plan and EIR should take place in late Spring/Summer 2008.



B) General Plan Elements and Implementation Progress

Each of the seven mandatory general plan elements were prepared and/or updated in full compliance with the General Plan Guidelines established by the Office of Planning and Research, which were in effect at the time of the most recent update. This section contains a summary of actions taken to implement each of the General Plan elements. The table below indicates the date that each of the required elements were last updated along with the same information for the four optional elements included in the *Merced Vision 2015 General Plan*:

General Plan Element	Last Update*
<i>Mandatory Elements:</i>	
Land Use	1997
Circulation	1997
Open Space	1997
Conservation	1997
Housing	2004
Noise	1993
Safety	1995
<i>Optional Elements:</i>	
Urban Expansion	1997
Public Facilities & Services	1997
Urban Design	1997
Sustainable Development	1997

**Note: All the above Elements, except Housing, are due to be updated in the City's General Plan Update process outlined above.*

Land Use Element: The Land Use Element was comprehensively updated and adopted in April 1997 as part of the *Merced Vision 2015 General Plan*. Since that time, 65 amendments to the Land Use Diagram involving a total of approximately 930 acres (out of the over 20,000 acres within the SUDP) have been approved (see the section beginning on page 10 for details). From 1997-2007, 17 annexations were completed adding over 3,712 acres of residential, commercial, and industrial land to the City's inventory. Staff is currently working on 16 additional annexation requests totaling 2,470 acres in North, South, and Southeast Merced. New commercial development continues to thrive in Merced with the addition of over 650,000 square feet of new commercial facilities (including Merced Marketplace, the Plaza at El Portal, Rancho San Miguel, and others) since 1997. In January 2004, the City adopted the South Merced Strategic Plan, which includes a conceptual land use plan for South Merced and over 100 strategies for improvements in the area. The Strategic Plan served as a guide for the preparation

of a South Merced Specific Plan, which began in November 2005 and is expected to be completed by December 2007. A Draft South Merced Specific Plan and EIR were circulated for public review in February and April 2007. City staff applies on a continuing basis land use policies regarding the promotion of a variety of housing types, the appropriate locations of new commercial and industrial land uses, and the protection of residential neighborhoods through code enforcement, interface overlay, and other tools.

Special Note regarding UC Merced: In 2001, the location of the University of California, Merced campus (opened in September 2005) was moved to the northeast corner of Bellevue and Lake Road, inside the City's Sphere of Influence and within a mile of the City's SUDP. (However, the University Community would be south of the Campus and this area is outside the City's Sphere.) In late 2001, UC and Merced County released the *UC Merced Long Range Development Plan* and Draft EIR (adopted by the UC Board of Regents in 2002) and the *Merced County University Community Plan* and Draft EIR (adopted by the Board of Supervisors in December 2004). The location of the Campus and Community has raised numerous issues which will require amendments to the City's General Plan. These issues include possible annexation of the Campus and University Community; the provision of services to the University; the preservation of prime agricultural land immediately adjacent to the Campus and Community; circulation to and from the area; the future land uses within the rural residential centers between the City Specific Urban Development Plan boundary (SUDP) and the campus; housing impacts; and many others. These issues will be addressed through the City's General Plan Update process (see page 2). The City will work closely with the University of California, Merced County, the landowners and adjoining property owners, the agricultural community, and other interested parties regarding these issues.

Circulation Element: The Transportation and Circulation Element was comprehensively updated and adopted in April 1997 as part of the *Merced Vision 2015 General Plan*. Since that time, six relatively minor amendments to the Circulation Element have been approved, involving the addition of the Campus Parkway as an expressway from Highway 99 to Yosemite Avenue (adopted in February 2007), the elimination of the future Mistwood railroad crossing, the addition of a frontage road near the future Mission interchange, the elimination of a collector road in Bellevue Ranch, and two curb cuts approved closer to intersections than policy allowed. City staff continues to work with MCAG, the County, and Caltrans staff on Regional Transportation Plan projects, such as the

Campus Parkway (with construction tentatively scheduled to begin in 2008), the Highway 99/Mission Interchange Project (construction to be completed by early 2008), the replacement of the Bradley Overhead on Highway 140, the Atwater-Merced Expressway, Highway 59 (16th to Olive) improvements, and the Regional Transportation Impact Fee (adopted in 2005). The City's Public Facilities Impact Fee program (adopted in 1998 and amended in 2003 and 2006) will help fund needed transportation improvements throughout the Merced Area. Since 1997, various neighborhood traffic issues related to traffic calming and the impacts of large commercial projects were addressed in the Donna Drive/El Portal and Devonwood Drive areas and a draft citywide traffic calming program is currently under review for adoption by the end of 2007. City staff also continues to implement policies relating to circulation/access and bicycle/pedestrian facilities to all new development projects.

Open Space/Conservation Elements: The Open Space and Conservation Elements were combined into one element, which was comprehensively updated and adopted in April 1997 as part of the *Merced Vision 2015 General Plan*. Since 1997, Carpenter Park, Davenport Park, Dwight Amey Park, and a few others have been built and dedicated; and numerous park sites have been designated in new growth areas, including the acquisition of a large community park site at Mission and Tyler in South Merced. In 2003, the Merced County Association of Governments (MCAG) prepared a regional commuter bicycle plan for the City and Merced County. In December 2004, an updated City Parks and Open Space Master Plan, last updated in 1984, was adopted. The City continues to implement policies regarding the preservation/conservation of the creeks, wildlife habitat, Scenic Corridors, agricultural land adjacent to the SUDP, soil, and water resources as they apply to development projects.

Housing Element: The City's Housing Element (prepared by Quad-Knopf of Visalia) was adopted in December 2003, per the deadline established under state law. During the process, a Housing Task Force, made up of 20 interested citizens, was formed. After comments were received from the State after adoption, the Housing Element was modified to meet the State's requirements for certification. The modified Housing Element was adopted by the City Council in June 2004 and certified by the State in August 2004. The federal government requires that each jurisdiction also have a "Consolidated Plan" in order to receive Community Development Block Grant (CDBG) funds. Housing Elements and Consolidated Plans have many similar requirements and features, including a five-year time frame. The City of Merced adopted Consolidated Plans in 1995, 2000, and 2005.

The City's progress on implementing Housing Element programs and policies is discussed in the "Housing Objectives and Programs" Section beginning on page 16. Since 2001, the City of Merced added 5,285 new single-family homes and 612 new multi-family units for a total of 5,897 units, including 677 units for low and moderate income residents.

Noise Element: The Noise Element was adopted in 1993. In 1997, information regarding Castle Air Force Base noise contours was removed due to the closure of the military base in 1995. Noise policies are enforced on an ongoing basis by City staff for individual development projects. One task identified for further review is the generation of updated noise contour maps based on new and expanded traffic projections. This task will be completed as part of the City's General Plan Update. In 1999, the Merced County Airport Land Use Commission adopted a new Airport Land Use Compatibility Plan. This plan identifies some minor changes that will need to be made to the City's Noise, Safety, and Land Use Elements as part of the General Plan Update (see Section I-A).

Safety Element: The Safety Element was adopted in 1995. Since that time, City staff has applied policies regarding disaster preparedness, seismic safety, flooding, fires, airport safety, crime, and hazardous waste to various development projects as they undergo City review. City programs continue to implement the policies that relate to fire prevention (weed abatement, etc.), community policing, building and fire codes, flood prevention, and annual review and "dress rehearsals" of the City's Emergency Plan. As noted above, the Safety Element will also require changes to conform to the Merced County Airport Land Use Compatibility Plan during the General Plan Update process.

Urban Expansion Element: The Urban Expansion Element was comprehensively updated and adopted in April 1997 as part of the *Merced Vision 2015 General Plan*. Since that time, several tasks identified in the element have been implemented/completed. In October 1997, the Local Agency Formation Commission (LAFCO) adopted the City's proposed Sphere of Influence as outlined in the General Plan. Since 1997, 17 annexations were completed adding over 3,712 acres of residential, commercial, and industrial land to the City's inventory, and staff is currently working on 16 additional annexation requests totaling 2,470 acres. All of these annexations are analyzed based on the annexation criteria established in the General Plan. Since 1998, the City of Merced has been a participant in the process of planning and development of the UC Merced campus and adjacent University Community (see page 5). The City has also been working

with the County on implementing the City/County tax-sharing agreement. In 2000 and again in 2004, MCAG adopted new population and employment projections for Merced County, which will be incorporated into future planning efforts. In 2003, a minor SUDP expansion (approximately 30 acres) in association with an annexation request in the vicinity of Yosemite Avenue and McKee Road was approved by City Council. In 2004, City staff began to receive various inquiries regarding annexation of areas outside our current SUDP. Expansion of the SUDP and modification to the Sphere of Influence will be considered as part of the General Plan Update process described on page 2.

Public Facilities & Services Element: The Public Facilities and Services Element was comprehensively updated and adopted in April 1997 as part of the *Merced Vision 2015 General Plan*. In 1998, the City adopted its Public Facilities Financing Plan along with the Public Facilities Impact Fee program to help fund the over \$882 million in transportation, public safety, public works, and open space/parks projects needed to implement the *Merced Vision 2015 General Plan* over the next 20 years. Updates of the Public Facilities Financing Plan and impact fee program were adopted by the City Council in July 2003 and May 2006. A major increase in sewer connection fees to help fund Treatment Plant upgrades went into effect in December 2006. Several master planning efforts for meeting the City's infrastructure needs associated with growth have been completed or are in progress, including the implementation of the Merced Water Supply Plan (with MID), the exploration of alternatives for expanding the capacity of the City's Wastewater Treatment Plant, an update to the North Merced Sewer Master Plan, development of a South Merced Sewer Master Plan, and the adoption of the Storm Drainage Master Plan. The City continues to work with the local school districts on the location of future schools.

Urban Design Element: The Urban Design Element was comprehensively updated and adopted in April 1997 as part of the *Merced Vision 2015 General Plan*. City staff continues to encourage the use of the Urban Village design principles and guidelines throughout new growth areas and within Specific Plan areas. These principles are reflected in the Bellevue Ranch Master Development Plan (approved in 1995) and the University Community Plan (adopted in 2004). In 2000, the City adopted an ordinance to regulate the appearance and location of new wireless communication facilities and towers throughout the City. In 2006, the City passed an ordinance banning the construction of any new billboards within the City, capping the number at the existing inventory. In August 2005, the Planning Commission and City Council adopted new Small Lot Design Guidelines to guide

the development of residential development on small parcels; and in 2006, staff began work on similar guidelines for “courtyard” type developments. Aesthetic policies involving the undergrounding of new utilities, minimum landscape standards for new developments, and design review within Planned Developments and the Downtown area are also carried out on an ongoing basis.

Sustainable Development Element: The Sustainable Development Element was a new optional element added in April 1997 as part of the *Merced Vision 2015 General Plan*. City staff applies its policies regarding air quality, cultural resources, and energy conservation on new developments within the City of Merced. Since 1997, more staff time has been devoted to historic preservation issues through expanded environmental review procedures and several high-profile historic preservation issues (i.e. Mainplace, old High School/County Library, Merced Theater, etc.). Several historic buildings have been added to the Local Register since 1997, such as the Mondo Building, the Merced Theater, the Masonic Lodge, the Veterans Memorial Building, the Trevino’s building at Main & K, and designation for the Old Post Office at 18th & K is pending. Mitigation measures for air quality impacts are now routinely adopted for many large development projects.

C) Summary of General Plan and Specific Plan Amendments

General Plan Amendments (Approved--July 1, 2006 to June 30, 2007)

Reference No.	APN# and Parcel Size	Location	General Plan Amendment Approved	City Council Approval Date & Resolution #
GPA# 06-04	APN# 052-380-008 (17.64 acres)	Northeast corner of G Street and Bellevue Road	Low Density Residential (LD) to Low Medium Density Residential (LMD)	July 3, 2006 (Res #06-83)
GPA# 06-03	APN# 30-254-015; 30-254-016; 30-254-017 (0.69 acres)	Northeast corner of 20 th and P Streets	Low Medium Density Residential (LMD) to Professional/Commercial Office (CO)	August 7, 2006 (Res #06-97)
GPA# 06-07	APN# 60-030-007 (10.0 acres)	477 feet north of Cardella Road on the east side of G Street	Low Density Residential (LD) to Low Medium Density Residential (LMD)	Aug. 21, 2006 (Res #06-102)
GPA# 06-11	APN# 236-280-006 (0.75 acres)	Southwest corner of G Street and El Portal Drive	Thoroughfare Commercial (CT) to Professional/Commercial Office (CO)	Sept. 5, 2006 (Res #06-111)
GPA# 04-06	APN# 231-010-007, 231-010-006, & 231-040-003 (30 acres)	Northeast and Southeast corners of Cormorant Drive and G Street	Low Density Residential (LD) and High Medium Density Residential (HMD) to Professional/Commercial Office (CO)	Sept. 5, 2006 (Res #06-109)
GPA# 06-16	APN# 236-010-010 (3.5 acres)	Southeast corner of Yosemite Avenue and R Street	Low Density Residential (LD) to High Density Residential (HD)	Sept. 18, 2006 (Res #06-118)
GPA# 06-17	APN# 206-070-002 (7.76 acres)	Northwest corner of Yosemite Avenue and Compasse Point Drive	Professional/Commercial Office (CO) to Neighborhood Commercial (CN)	Oct. 2, 2006 (Res #06-121)
GPA# 06-06	APN# 058-220-042, -043, -044 (17.3 acres)	South side of Devonwood Drive, east of Loughborough Drive	Regional/Community Commercial (RC) to Low Medium Density Residential (LMD)	Nov. 6, 2006 (Res #06-127)
GPA# 06-18	APN# 32-183-032; -033; & -034 (0.87 acres)	West side of Q Street between 6 th and 7 th Streets	Low Density Residential (LD) to Low Medium Density Residential (LMD)	Dec. 18, 2006 (Res #06-148)

Reference No.	APN# and Parcel Size	Location	General Plan Amendment Approved	City Council Approval Date & Resolution #
GPA# 06-12	N/a	Alignment generally follows the Doane-Hartley Lateral between Mission/99 Interchange and Yosemite Avenue	Designate Alignment for New Campus Parkway on Circulation Map	Feb. 20, 2007 (Res #07-19)

Please refer to Appendix A of the *Merced Vision 2015 General Plan* for information on all general plan amendments approved since adoption of the General Plan in April 1997. Prior to the adoption of the *Merced Vision 2015 General Plan*, there were 6 to 12 general plan/specific plan amendments each year from 1990 to 1996. Six (6) such amendments were approved during the 1997-98 fiscal year, 6 in FY 1998-99, 5 in FY 1999-00, 7 in FY 2000-01, 3 in FY 2001-02, 11 in FY 2002-03, 7 in FY 2003-04, 6 in FY 2004-05, and 4 in FY 2005-06. Ten (10) amendments have been approved during FY 2006-07 (see preceding table), with several amendments approved in combination with other applications (see below). A total of 65 General Plan Amendments have been approved since the 1997 adoption of the Plan (10 years ago).

Specific Plan Amendments (Approved--July 1, 2006 to June 30, 2007)

Three minor amendments were made to the City's five adopted Specific Plans during FY 2006-07 in association with the General Plan Amendments #06-11 (involving and expansion of the Plaza at El Portal office complex within the Campus North Specific Plan), #04-06 (involving the designation of the site for the new Mercy Hospital in the Northeast Yosemite Specific Plan), and #06-17 (involving a change from office to retail use within the Fahrens Creek Specific Plan area) described in detail above. No amendments involved the other two Specific Plans, the Bellevue Ranch Master Development Plan and the Fahrens Park Specific Plan. However, there were two new Specific Plans in progress during FY 06-07—the South Merced Specific Plan (scheduled for adoption by the end of 2007) and the Five Bridges Specific Plan (which should be completed in 2008).

D) Other Development Applications Considered

From July 1, 2006 to June 30, 2007, the Planning Commission and City Council also considered other development applications which did not involve any amendments to the General Plan. During this time frame, the Planning Commission and/or City Council held public hearings and considered 7 tentative subdivision maps, 12 final maps, 18 conditional use permits, 1 annexation request, 5 Site Utilization Plan revisions/establishments, 6 zone changes, and 2 zoning ordinance amendments. (These numbers do not include applications considered by the Design Review Commission and numerous staff-level approvals of administrative CUP's, site plan approvals, and minor subdivisions.) All of these projects were found to be consistent with the General Plan and all were approved.

II. PROGRESS IN MEETING SHARE OF REGIONAL HOUSING NEEDS

The following information is provided to comply with the progress reporting requirements of Government Code 65400(b)(1) in regard to meeting the City's share of regional housing needs.

A) Regional Housing Needs (2001-2008)

In 2002, the Merced County Association of Governments (MCAG) established Regional Housing Needs numbers for each jurisdiction within Merced County for the period of January 2001 through July 2008. Those numbers were accepted by the Merced City Council in September 2002 and adopted by the MCAG Governing Board in October 2002. These numbers were incorporated into the City's Housing Element in 2003. The table below reflects the City of Merced's Share of the Regional Housing Needs from 2001 to 2008.

City of Merced's Share of Regional Housing Needs (2001-2008)

	Very Low Income (0-30% MFI*)	Low Income (31-50% MFI)	Moderate Income (51-80% MFI)	Above Moderate (81%> MFI)	Total Need
<i>Number</i>	1,073	793	887	1,913	4,666
<i>Percentage</i>	23.0%	17.0%	19.0%	41.0%	100.0%

* MFI = Median Family Income

B) New Dwelling Units Approved and Housing Program Units Assisted

The following table summarizes the number of new dwelling units approved for occupancy within the City of Merced from January 2001 to June 2007.

City of Merced New Dwelling Units Approved (2001-2007)

Year	Single Family Units	Multi-Family Units
2001	437	0
2002	514	1
2003	1,006	321
2004	727	113
2005	1,417	128
2006	953	43
2007 (through June)	231	6
TOTAL	5,285	612

The City does not track information regarding the income levels of homebuyers for standard building permits. However, in the case of the 2003 figures above, we do

know that 204 of the 321 multi-family units are for the Grove Apartments which will be available only to low and very low income renters.

The City does track income information for households that receive CDBG funding through the City's Housing Programs, such as the First-Time Homebuyers Program and rehabilitation/reconstruction projects. The table below shows the number of households and their income levels served by the City's Housing Programs from 2001 to 2007.

Units Assisted by City Housing Program (2001-2007)

Priority Need Category	FY 00-01	FY 01-02	FY 02-03	FY 03-04	FY 04-05	FY 05-06	FY 06-07	TOTAL (2001-2007)
Renters								
0-30% of MFI	43	0	0	102	0	0	0	145
31-50% of MFI	46	0	0	115	4	0	1	166
51-80% of MFI	43	0	0	12	2	1	0	58
Vacant/Other	0	2	3	8	5	5	4	27
Total	132	2	3	237	11	6	4	395
Owners								
0-30% (Very Low)	1	3	1	3	6	9	7	30
31-50% (Low)	10	5	9	14	11	7	11	67
51-80% (Mod.)	33	18	22	20	34	23	11	161
Vacant/Other	8	6	0	1	0	1	0	16
Total	52	32	32	38	51	40	29	274
Non-Homeless Special Needs	0	4 unit (Boarding House)	0	1 (Emergency Shelter)	1 (Emerg. Shelter)	1 (Emerg. Shelter)	1 (Emerg. Shelter)	8
Total	0	4	0	1	1	1	1	8
Total Housing	184	38	35	276	63	47	34	677

Source: City of Merced HUD Consolidated Annual Performance and Evaluation Reports, 2000-2007

In summary, from 2001 to 2007, the City of Merced's Housing Programs provided assistance to 274 single-family units, 395 multi-family units, and 8 special needs units, for a total of 677 units. (Requirements of the Housing Programs require that these units serve low to moderate income households.) In FY 00-01, 132 of those multi-family units were part of the Laurel Glen rehabilitation project, which were not new units but are now restricted to low income renters. In FY 03-04, 204 new multi-family units for the Grove project were constructed and are restricted for low and very low income renters only. Therefore, we have 274 single-family units, 395 multi-family units, and 8 special needs units made available for low to moderate income households for a total of 677 units. Based on the distribution of income levels in the table above, 175 (26%) of those 677 units were for Very Low

Income households, 233 (34%) were for Low Income, and 270 (40%) for Moderate Income.

C) Progress on Meeting Regional Housing Needs

In summary, from 2001 to 2007, the City of Merced added 5,285 new single-family homes and 612 new multi-family units for a total of 5,897 units, but the income levels of these new homebuyers/renters are unavailable. However, based on assistance provided by the City Housing Division, at least 274 single-family units and 395 multi-family units (plus 8 special needs units) were made available for low to moderate income households for a total of 677 units. (The numbers are likely greater but income levels are only reported for those who seek assistance from the City's Housing program, as the City has no way of knowing how many low to moderate income households acquired new housing through private means or non-City programs.) Therefore, the table below reflects the City's progress in meeting its share of the regional housing needs based on the City's Housing Program. The 5,897 total units built represents 126 percent of the total need (4,666), which shows that the City has made tremendous progress in meeting these needs in the first 6½ years of the 8-year planning period. In fact, we have met and exceeded the need for total housing by 1,231 units and for above moderate income housing by 3,306 units or 273 percent of the total need.

City of Merced's Progress in Meeting Regional Housing Needs (2001-2007)

	Very Low Income (0-30% MFI*)	Low Income (31-50% MFI)	Moderate Income (51-80% MFI)	Above Moderate (81%> MFI)	Total Need
Regional Share	1,073	793	887	1,913	4,666
Units Added (2001-2007)	175	233	270	5,219	5,897
Remaining Units Needed	898	560	617	0 (+3,306)	0 (+1,231)

[* MFI = Median Family Income] Source: City Estimates

It also should be noted that the City issued planning permits for over 400 multi-family units for low and moderate income renters during 2002-03. These projects have received federal, state, and local funds and tax credits, so a significant number of rental units for low and moderate income residents has become available. It should also be noted that units for very low and low income households often require substantial public subsidies and there are limitations on the funding available. Therefore, Merced should be pleased with the substantial number of low and very low income units that have been made available thus far (16 to 30 percent of the total need within each low/moderate income category).

D) Housing Objectives and Programs

The following summarizes the progress that the City has made towards achieving Housing Element goals, policies, and the development of specific programs affecting housing:

Land Use Amendments/Annexations: In 1997, the City adopted the *Merced Vision 2015 General Plan*, which expanded the City's SUDP by nearly 4,300 acres to 20,540 acres. This area includes over 11,000 acres of residential land to support up to 48,000 residential units. From 1997-2007, 17 annexations were completed adding over 3,712 acres of residential, commercial, and industrial land to the City's inventory. Staff is currently working on 16 additional annexation requests totaling 2,470 acres. The Bellevue Ranch Master Plan area can support up to 6,650 residential units and the Weaver Development Area up to 1,500 residences. An updated Housing Element was also adopted in 2003/2004. The General Plan also contains various policies (i.e. the Village Concept) aimed at increasing densities in new and existing residential areas in order to preserve farmland and to make the provision of public services more efficient. City ordinances, such as the density bonus ordinance, residential planned development ordinance, the second-unit ordinance, and random-mixed lot provisions, encourage such increased densities and amendments were adopted to some of those ordinances in 2006 to meet the revised requirements of State law.

Housing Rehabilitation/Reconstruction/First-Time Homebuyers Programs: As shown in the table on page 14, from 2001 to 2007, the City of Merced's Housing Programs provided assistance to 274 single-family units, 395 multi-family units, and 8 special needs units, for a total of 677 units. These programs include rehabilitation, reconstruction, emergency loans, and a First-Time Homebuyers downpayment assistance program. Over \$3.5 million in federal funds through the Community Development Block Grant (CDBG) program and the HOME Investment Partnerships Program were available for these programs in FY 2006-07, plus several State grants were applied for and approved.

Public Services/Infrastructure Needs: Federal, Redevelopment, and Housing program income funds were also used for programs and public facilities to assist low to moderate income residents and neighborhoods during FY 2006-07. Such programs and facilities include code enforcement, police officer funding for gang suppression/intervention activities, the Police Community Aide, sidewalk improvements in South Merced, and various park improvements. In addition, a Continuum of Care Plan for homeless services was developed in 2003 in order to

be eligible for federal funding for homeless programs and funding has been made available to assist the emergency shelter and to acquire a site for a permanent shelter.

III. LOCAL EFFORTS TO REMOVE GOVERNMENTAL CONSTRAINTS TO THE MAINTENANCE, IMPROVEMENT, & DEVELOPMENT OF HOUSING

Steps that the City has taken to remove governmental constraints that hinder the development of affordable housing [pursuant to Government Code 65583(c)(3)] include the following:

- 1) Continued implementation of the City's General Plan, as discussed previously in this report.
- 2) Compliance with the affordable housing provisions of the Community Redevelopment Law.
- 3) Allocation of CDBG funds for housing services and public facilities/services in lower income neighborhoods to encourage rehabilitation and revitalization.
- 4) Continued implementation of a program to offset the cost of the City's Public Facilities Impact Fees for low-income and first-time homebuyers.
- 5) The adoption of reduced street standards for local and collector streets and smaller-lot planned developments (along with design standards for these small lots) have helped reduce development costs for developers.
- 6) Implementation of a one-stop permit center, fast-tracking of master plan permits, and the over-the-counter building permit process has reduced building permit processing times for most residential construction.
- 7) Streamlining measures have been implemented to allow staff approvals of some permits that previously had to go to the Planning Commission and the concurrent processing of development permits has reduced the number of public hearings required of many residential projects.

cc: Merced City Council
City of Merced Planning Commission
Governor's Office of Planning and Research
State Department of Housing and Community Development
James G. Marshall, City Manager

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